

North Carolina Health insurance - Accident and Sickness Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Time Limit on Certain Defenses/Incontestable: which statement is true?**
 - A. After two years from issue or reinstatement, the insurer cannot deny or reduce a claim based on a material misrepresentation (unless fraudulent misstatement).**
 - B. After two years, the insurer can deny or reduce a claim for any reason.**
 - C. The time limit applies only to policies issued after a certain year and not to reinstatements.**
 - D. The limit applies to fraud only and not to misrepresentation.**

- 2. What is the name of the provision that sets the incontestable period?**
 - A. Time Limit on Certain Defenses (Incontestable)**
 - B. Time Payment of Claims by Insurer**
 - C. Free Look Period**
 - D. Grace Period**

- 3. Lloyd's of London is best described as:**
 - A. A government agency**
 - B. A society of members who underwrite in syndicates**
 - C. An insurance broker**
 - D. A direct insurer**

- 4. Which statement best describes the difference between coinsurance and a copayment?**
 - A. Coinsurance is a share of costs after deductible; Copayment is a fixed amount per service.**
 - B. Coinsurance is a fixed per-service fee; Copayment is a share of costs after deductible.**
 - C. Both are fixed monthly fees.**
 - D. Both are percentages of costs.**

- 5. If a licensee ceases residency, to whom must the license be delivered within 30 days after terminating residency?**
 - A. The Department of Insurance**
 - B. The Commissioner**
 - C. The insurer**
 - D. The Secretary of State**

- 6. Which provision states that the policy will pay all (100%) of covered medical expenses after a stated dollar amount is reached?**
- A. Carryover Provisions**
 - B. Corridor Deductible**
 - C. Stop Loss Feature**
 - D. Dread Disease**
- 7. The Temporary Adjusters License is valid for how many days?**
- A. 60 days**
 - B. 90 days**
 - C. 120 days**
 - D. 180 days**
- 8. An Alien Insurer is domiciled in which location?**
- A. Laws of the same country as its domicile**
 - B. Laws of a different country from which it is domiciled**
 - C. Laws of another country from which it is domiciled**
 - D. Laws of the country where it operates**
- 9. A Domestic Insurer is subject to the laws of which jurisdiction?**
- A. The laws of the state in which it is domiciled**
 - B. The laws of a different state from which it is domiciled**
 - C. The laws of another country from which it is domiciled**
 - D. The laws of the federal government only**
- 10. The Disclosure Authorization Form validity period applies to which type of insurance application?**
- A. Life Insurance**
 - B. Health Insurance**
 - C. Auto Insurance**
 - D. Property or Casualty**

Answers

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1. A
2. A
3. B
4. B
5. B
6. C
7. B
8. C
9. A
10. D

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Explanations

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1. Time Limit on Certain Defenses/Incontestable: which statement is true?

- A. After two years from issue or reinstatement, the insurer cannot deny or reduce a claim based on a material misrepresentation (unless fraudulent misstatement).**
- B. After two years, the insurer can deny or reduce a claim for any reason.**
- C. The time limit applies only to policies issued after a certain year and not to reinstatements.**
- D. The limit applies to fraud only and not to misrepresentation.**

The key idea is the incontestability rule: once a health policy has been in force for two years after issue or reinstatement, the insurer cannot deny or reduce a claim based on a misrepresentation in the application, as long as the misstatement is not fraudulent. This two-year period protects the insured by preventing late disputes over statements that were made when underwriting the policy. If the misrepresentation is fraudulent, the insurer can still contest the claim even after two years. The clock starts at issue and, if the policy is reinstated, from the reinstatement date, so a new two-year period applies then.

2. What is the name of the provision that sets the incontestable period?

- A. Time Limit on Certain Defenses (Incontestable)**
- B. Time Payment of Claims by Insurer**
- C. Free Look Period**
- D. Grace Period**

The key idea here is the protection period during which the insurer cannot contest the policy based on statements in the application. The provision that names and governs this window is called the Time Limit on Certain Defenses (Incontestable). After the policy has been in force for the specified period (commonly two years), the insurer typically cannot void the contract or deny claims for misstatements in the application, though fraud and nonpayment can still be exceptions. This keeps the contract stable for the insured after it has proven its reliability over time. The other options relate to different protections: the Free Look Period allows cancellation for a full refund within a set time; the Grace Period provides extra time to pay premiums; and Time Payment of Claims by Insurer sets how quickly claims must be paid.

3. Lloyd's of London is best described as:

- A. A government agency
- B. A society of members who underwrite in syndicates**
- C. An insurance broker
- D. A direct insurer

Lloyd's of London is a marketplace where risk is underwritten by a society of members who operate in syndicates. These members, which can be individuals or corporate entities, pool capital and form syndicates to take on specific risks. Each syndicate underwrites policies and shares in profits or losses, while Lloyd's provides the infrastructure, rules, and central services that support the market, including pricing, reserving, and claims processing. The actual insurance contracts are issued by the syndicates, not by Lloyd's itself, which distinguishes it from a direct insurer. It is also not a government agency or a broker.

4. Which statement best describes the difference between coinsurance and a copayment?

- A. Coinsurance is a share of costs after deductible; Copayment is a fixed amount per service.
- B. Coinsurance is a fixed per-service fee; Copayment is a share of costs after deductible.**
- C. Both are fixed monthly fees.
- D. Both are percentages of costs.

Copayment and coinsurance describe two different ways you share costs with a health plan. A copayment is a fixed dollar amount you pay for a service or prescription at the time of service. The amount is the same regardless of the service's total charge, which means you know exactly what you'll owe for that visit or item. Coinsurance, on the other hand, is your share of the cost expressed as a percentage of the allowed amount. This typically applies after you've met your deductible, and the insurer pays the rest. So if the allowed amount is \$100 and your coinsurance is 20%, you'd be responsible for \$20, with the plan covering the remaining \$80 (until you reach any out-of-pocket maximum). In short, copayment = fixed amount per service; coinsurance = percentage of costs after deductible. Some plans use both for different services, and timing can vary by plan design.

5. If a licensee ceases residency, to whom must the license be delivered within 30 days after terminating residency?

- A. The Department of Insurance
- B. The Commissioner**
- C. The insurer
- D. The Secretary of State

When a licensee ceases residency, the license must be surrendered to the state regulatory authority so records can be updated and the license canceled. The Commissioner of Insurance is the official who administers and maintains licensure, so delivering the license to the Commissioner within 30 days after residency ends ensures proper cancellation and prevents someone from practicing under a now-invalid license. The insurer does not have authority to cancel licenses, and the Secretary of State does not handle insurance licensure in this context, so those options aren't appropriate.

6. Which provision states that the policy will pay all (100%) of covered medical expenses after a stated dollar amount is reached?

- A. Carryover Provisions**
- B. Corridor Deductible**
- C. Stop Loss Feature**
- D. Dread Disease**

Stop-loss provisions cap your out-of-pocket costs by setting a dollar threshold. Once you've incurred that amount in covered expenses, the policy covers 100% of eligible charges for the rest of the policy period. This arrangement protects you from escalating medical costs and ensures full coverage after the threshold is reached. The other terms describe different ideas: carryover provisions move part of a deductible into the next year; corridor deductible is a separate deductible concept that doesn't automatically trigger 100% coverage; dread disease is a rider that pays a lump sum for specific illnesses rather than continuing to cover ongoing expenses.

7. The Temporary Adjusters License is valid for how many days?

- A. 60 days**
- B. 90 days**
- C. 120 days**
- D. 180 days**

A temporary license is meant to bridge the gap so someone can help handle claims while they complete the full licensing requirements. In North Carolina, that temporary adjuster license is valid for 90 days. This short window lets quick needs be met without allowing unqualified practice to continue indefinitely, keeping the process moving and the public protected. If the person finishes the full licensing steps within those 90 days, they can continue practicing under the proper license; if not, they must stop until the permanent license is obtained. That's why 90 days is the correct timeframe—longer periods would delay enforcement of full qualifications, while shorter periods would not provide enough time to complete the necessary steps.

8. An Alien Insurer is domiciled in which location?

- A. Laws of the same country as its domicile**
- B. Laws of a different country from which it is domiciled**
- C. Laws of another country from which it is domiciled**
- D. Laws of the country where it operates**

An alien insurer is one organized outside the United States, so its domicile is in a foreign country. The legal framework that governs its contracts, policy forms, and obligations is the law of that country—the country where it is domiciled. While state regulators in North Carolina oversee its operations to ensure compliance, the substantive terms come from the foreign domicile's law. The other options would imply the insurer is under the wrong jurisdiction or under the laws of the place it operates, which isn't how an alien insurer is defined.

9. A Domestic Insurer is subject to the laws of which jurisdiction?

- A. The laws of the state in which it is domiciled**
- B. The laws of a different state from which it is domiciled**
- C. The laws of another country from which it is domiciled**
- D. The laws of the federal government only**

The main idea here is that the jurisdiction that governs a domestic insurer is its home state. Being domestic means the insurer is formed and licensed in a specific state, so that state's laws and regulatory authority oversee its corporate structure, licensing, solvency requirements, premium rates, policy forms, and consumer protections. Even though federal laws exist in limited areas, insurance regulation is primarily state-based, and the home state retains jurisdiction over the insurer. If the company operates in other states, it becomes foreign there and must comply with those states' rules as well, but the governing authority tied to the home state remains primary.

10. The Disclosure Authorization Form validity period applies to which type of insurance application?

- A. Life Insurance**
- B. Health Insurance**
- C. Auto Insurance**
- D. Property or Casualty**

The key idea is that a Disclosure Authorization Form is about the driver's license to obtain and review an applicant's information for underwriting, and the period of that consent matters for how long the insurer can rely on it. In many North Carolina exam materials, the validity period for this form is tied specifically to property or casualty insurance applications. This means the authorization remains in effect for the underwriting window of P&C coverage; if the application process takes longer or a new decision is needed after the period ends, a new authorization would be required. Life and health underwriting typically involve different forms and rules, so the form's stated validity period shown in these questions is not intended to apply to those lines. Therefore, the authorization's validity period applies to property or casualty insurance applications.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://nhealthinsuranceaccidentsickness.examzify.com>

We wish you the very best on your exam journey. You've got this!

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